

Message Text

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SUBJECT: 1976 ECONOMIC PLAN -- RESULTS OF THE FIRST SIX MONTHS

1. SUMMARY: FOR FIRST SIX MONTHS OF 1976 OVERALL PLAN WAS OVERFULFILLED BY 1.2 PERCENT AND TOTAL PRODUCTION WAS UP BY 9.1 PERCENT OVER FIRST 6 MONTHS OF 1975 ACCORDING LOCAL ANNOUNCEMENT. INDUSTRIAL GROWTH RATES CONTINUE TO RANK AT TOP. IMPORTANT AREAS OF NON-FULFILLMENT INCLUDE AGAIN HOUSING, AND SOME AREAS OF INDUSTRIAL PRODUCTION. AGRICULTURE ALSO LAGGED SOMEWHAT. END SUMMARY.

2. BULGARIAN PRESS JULY 29 ANNOUNCED PERFORMANCE OF ECONOMY UNDER GUIDELINES FOR 7 FYP (1976-1980) FOR JAN-JUNE 1976. IN SPITE OF SOME SHORTCOMINGS, ECONOMY OVERFULFILLED HALF-YEAR GOALS BY 1.2 PERCENT AND OVERALL GROWTH RATE IN COMPARISON TO JAN-JUNE 1975 WAS 9.1 PERCENT. FOLLOWING TABLE SUMMARIZES ANNOUNCED PERFORMANCE AND GROWTH BY SECTORS.

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MINISTRIES FULFILLMENT OF GROWTH IN COMPARISON

AND THE PLAN FOR WITH FIRST HALF OF
COMPLEXES FIRST HALF OF 1975
1976

MINISTRY OF POWER 101.9 107.3
SUPPLY

MINISTRY OF CHEMICAL 100.2 106.1
INDUSTRY

MINISTRY OF MACHINE 100.0 109.5
BUILDING &
METALLURGY

MINISTRY OF ELECTRONICS 100.1 119.2
& ELECTRICAL
ENGINEERING

MINISTRY OF LIGHT 101.5 108.8
INDUSTRY

MINISTRY OF AGRICULTURE 101.6 106.6
& FOOD INDUSTRY

NATIONAL CONSTRUCTION 102.6 110.2
COMPLEX

NATIONAL TRANSPORT 100.8 107.5
COMPLEX

MINISTRY OF INTERNAL 103.6 109.2
TRADE & SERVICES

3. DETAILED BREAKDOWN OF INDUSTRIAL GROWTH RATES INDICATES MIXED BAG OF SUCCESS STORIES WITH VARIOUS SECTORS. MACHINE TOOLS (14.2 PERCENT), ELECTRIC POWER (12.0 PERCENT) AND FERROUS METALLURGY (11.5 PERCENT) LEAD THE HIGH PERFORMANCE LIST OF BASIC PRODUCTS. OUTPUT OF MAGNETIC DISK MEMORIES, A RELATIVELY NEW AREA OF PRODUCTION, WAS UP BY 51.3 PERCENT. AT THE LOWER END OF THE SCALE ARE FOOD, WINE, AND TOBACCO (7.0 PERCENT) LIGHT INDUSTRY (ABOUT LIMITED OFFICIAL USE

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7 PERCENT) AND CHEMICALS (7.5 PERCENT). ALTHOUGH OVERALL GOALS WERE FULFILLED IN EVERY BASIC SECTOR, KEY STATE ECONOMIC ENTERPRISES (DSOS) SUCH AS DSO METAL CUTTING MACHINES, DEVNYA CHEMICAL COMPLEX AND DSO MILK PRODUCTION DID NOT MEET PRODUCTION GOALS. SHORTFALLS ALSO OCCURRED IN IMPORTANT PRODUCTS SUCH AS INTERNAL COMBUSTION ENGINES, ELECTRIC FORK LIFTS, AND AUTOMOBILE BATTERIES.

4. BUILDING MATERIALS AND CONSTRUCTION PRODUCTS HAD VARIED SUCCESS IN MEETING OUTPUT GOALS. BUILDING MATERIALS PRODUCTION WAS UP BY 9.6 PERCENT BUT BASIC PRODUCTS SUCH AS CEMENT, CEMENT PIPING AND OTHERS DID NOT ACHIEVE PLANNED OUTPUTS. OF THE 2 BILLION LEVA (\$2.06 BILLION) SPENT FOR CAPITAL INVESTMENTS, 54 PERCENT WAS FOR RECONSTRUCTION OR MODERNIZATION OF EXISTING FACILITIES. CONSTRUCTION PROJECTS FELL 3.6 PERCENT BELOW PLANNED OUTPUT, AND HOUSING, A CHRONIC PROBLEM IN BULGARIA, WAS 7.5 PERCENT BELOW PLAN. HOUSING COMPLETIONS nevertheless WERE 6.6 PERCENT HIGHER THAN DURING THE FIRST HALF OF 1975, SO SHORTFALL PROVIDES ADDITIONAL EVIDENCE OF OVER-OPTIMISTIC HOUSING GOALS IN 7TH FYP.

5. THE 10 PERCENT GROWTH IN FOREIGN TRADE WAS ACCCOMPANIED BY INCREASE IN CEMA AND USSR SHARE. 81 PERCENT OF BULGARIAN TRADE WAS WITH SOCIALIST COUNTRIES, WITH USSR ACCOUNTING FOR ABOUT 58 PERCENT. MACHINERY AND EQUIPMENT ACCOUNTED FOR 43 PERCENT OF BULGARIAN EXPORTS.

6. EFFORTS TO INCREASE MEAT CONSUMPTION AND CONSUMER DURABLES ARE REFLECTED IN 11.5 PERCENT INCREASE IN MEAT AND 15--28 PERCENT INCREASE IN TV SETS, VACUUM CLEANERS, FURNITURE, ETC. CONSUMER SERVICES INCREASED BY 5.1 PERCENT OVER JAN-JUNE 1975, BUT WERE 0.3 PERCENT SHORT OF GOAL.

7. IN SPITE OF INCREASES IN FERTILIZERS AND OTHER INPUTS, AGRICULTURAL PRODUCTS HAVE SHOWN MIXED SUCCESS IN THEIR GROWTH RATES. CATTLE ARE UP BY 2.6 PERCENT, BUT PIGS AND POULTRY ARE DOWN BY 3.2 AND 4.7 PERCENT RESPECTIVELY. DAIRY CATTLE ARE UP BY 2.7 PERCENT BUT THE AVERAGE MILK YIELD IS DOWN BY 58 LITERS (4.2 PERCENT) OVER LAST YEAR. AVERAGE EGG PRODUCTION IS ALSO DOWN BY 6.1 PERCENT.

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8. COMMENT: IT IS DIFFICULT TO DRAW FIRM CONCLUSIONS ON ECONOMIC HEALTH FROM THIS DATA. HALF YEAR FIGURES MAY BE BUOYED UP BY PRODUCTION ESSENTIALLY COMPLETED IN LATE 1975, OR IT MAY NOT REFLECT PRODUCTION SOON TO BE FINISHED. THIS IS ESPECIALLY TRUE IN HOUSING AND OTHER CONSTRUCTION PROJECTS. PRODUCTIVITY PROBLEMS IN AGRICULTURE MAY BE RESULT OF LACKLUSTER RESULTS OF 1975 HARVEST OF FORAGE CROPS. THOUGH PRESS, AS USUAL, PAINTS GLOWING STATISTICAL PICTURE, RECENT REPLACEMENT OF SEVERAL MINISTERS AND DEPUTY MINISTERS IN KEY ECONOMIC AREAS AND REORGANIZATION OF CHEMICAL AND CONSTRUCTION INDUSTRIES PROVIDE EVIDENCE THAT ECONOMIC PERFORMANCE IS STILL A SUBJECT OF CONCERN TO GOB. ADDITIONAL STRAW IN THE WIND IS FACT THAT JULY PLENUM OF CENTRAL COMMITTEE PLACES MAJOR EMPHASIS ON NEED TO IMPROVE MANAGEMENT, INCREASE PROFITABILITY OF ENTERPRISES, AND REDUCE ADMINISTRATIVE LAYERING AND COSTS.

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